

OPEN MEETING

MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 31, 2019

Re: IN THE MATTER OF THE JOINT APPLICATION OF UNS ELECTRIC, INC. AND MOHAVE ELECTRIC COOPERATIVE, INCORPORATED FOR AN ORDER APPROVING A BORDERLINE AGREEMENT. (DOCKET NOS. E-04204A-19-0296 AND E-01750A-19-0296)

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for the Matter of the Joint Application of UNS Electric, Inc. and Mohave Electric Cooperative, Incorporated for an Order Approving a Borderline Agreement (Docket Nos. E-04204A-19-0296 and E-01750A-19-0296). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona 85007 by 4:00 p.m. on or before **January 10, 2020**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **January 14, 2019**, at 10:00 a.m. and **January 15, 2019**, at 10:00 a.m.

If you have any questions about this matter, please contact Candrea Allen of our Staff at (602) 364-0235, or Elijah Abinah, Director, at (602) 542-6935.

BACKGROUND

Mohave Electric Cooperative, Inc. ("Mohave") is a member-owned electric distribution cooperative that provides service within portions of Mohave, Yavapai, and Coconino Counties, Arizona. UNS Electric, Inc. ("UNSE") is an electric public service corporation that provides generation, transmission, and distribution service within portions of Mohave and Santa Cruz Counties, Arizona.

On November 26, 2019, Mohave and UNSE filed a Joint Application ("Application") requesting approval of a borderline agreement for UNSE to provide electric service to a Residential Property ("Property"), located in Kingman, Arizona. The Property is located within Mohave's service territory.

APPLICATION

According to the application, the Property is located within Mohave's service territory, and Mohave's facilities are located approximately 1.5 miles from the Property, and the cost for Mohave to

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provide a line extension to the Property is estimated to be between \$75,000 and \$85,000, not including any cost of obtaining required permits. However, UNSE has a distribution line approximately 0.2 miles from the Property and can provide service for an estimated cost of \$7,000.

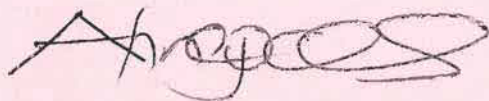
UNSE and Mohave have entered into an Electric Service Authorization Agreement ("Agreement") which obligates UNSE to provide service subject to the following: 1) The Commission issue an order approving the Agreement; 2) Customer executes a line extension agreement and complies with its terms; and 3) Customer pays all applicable deposits, fees, rates and charges associated with the line extension agreement for the requested class of service approved by the Commission for UNSE's retail customers.

In the event that Mohave determines it is economically feasible for Mohave to provide electric service to the Property, Mohave will: 1) provide UNSE and the Customer written notice no less than 90 calendar days prior to Mohave providing service to the Property; and 2) coordinate with UNSE for the exchange of service, including transferring any facilities paid for by the Customer and dedicated to providing service exclusively to the Property, at no cost to Mohave. In addition, the transfer of facilities will not include transformers or other facilities located on UNSE's lines which will be retained by UNSE.

In the event that no customer has taken service within the Property for six or more consecutive months, UNSE may cease offering service to the Property upon providing the Customer/landowner and Mohave no less than 90 days written notice. Thereafter, UNSE shall have no further obligation to offer service to the Property, unless otherwise ordered by the Commission. Mohave has no outstanding line extension agreement with the Property or Customer, and there are no easements or rights-of-ways to be transferred to UNSE. The Customer will be charged the applicable Commission-approved rates by UNSE.

RECOMMENDATIONS

Staff believes that the borderline agreement between Mohave and UNSE is a reasonable solution to allow extension of electric service to the Property and is in the public interest. Therefore, Staff recommends approval of the borderline agreement between Mohave and UNSE. In addition, Staff recommends that the Commission specify in its Order that approval of the borderline agreement at this time does not guarantee any future ratemaking treatment of the borderline agreement between Mohave and UNSE.



Elijah O. Abinah
Director
Utilities Division

EOA:CLA:elr\PRP

ORIGINATOR: Candrea Allen

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On this 31st day of December, 2019, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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Consented to Service by Email

By:


Edna Luna-Reza
Administrative Support Specialist

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 ROBERT “BOB” BURNS
 Chairman
3 BOYD DUNN
 Commissioner
4 SANDRA D. KENNEDY
 Commissioner
5 JUSTIN OLSON
 Commissioner
6 LEA MÁRQUEZ PETERSON
 Commissioner

7 IN THE MATTER OF THE JOINT	}	DOCKET NOS. E-04204A-19-0296
8 APPLICATION OF UNS ELECTRIC, INC.		E-01750A-19-0296
9 AND MOHAVE ELECTRIC		
10 COOPERATIVE, INCORPORATED FOR		
11 AN ORDER APPROVING A BORDERLINE	}	DECISION NO. _____
12 AGREEMENT.		<u>ORDER</u>

11
12 Open Meeting
13 January 14 and 15, 2020
14 Phoenix, Arizona

15 BY THE COMMISSION:

16 FINDINGS OF FACT

17 1. Mohave Electric Cooperative, Inc. (“Mohave”) and UNS Electric, Inc. (“UNSE”)
18 are certificated to provide electric service within portions of Arizona, pursuant to authority granted
19 by the Arizona Corporation Commission (“Commission”).

20 **Background**

21 2. Mohave is a member-owned electric distribution cooperative that provides service
22 within portions of Mohave, Yavapai, and Coconino Counties, Arizona. UNSE is an electric public
23 service corporation that provides generation, transmission, and distribution service within portions
24 of Mohave and Santa Cruz Counties, Arizona.

25 3. On November 26, 2019, Mohave and UNSE filed a Joint Application (“Application”)
26 requesting approval of a borderline agreement for UNSE to provide electric service to a Residential
27 Property (“Property”), located in Kingman, Arizona. The Property is located within Mohave’s
28 service territory.

29 ...

Application

4. According to the application, the Property is located within Mohave's service territory, and Mohave's facilities are located approximately 1.5 miles from the Property, and the cost for Mohave to provide a line extension to the Property is estimated to be between \$75,000 and \$85,000, not including any cost of obtaining required permits. However, UNSE has a distribution line approximately 0.2 miles from the Property and can provide service for an estimated cost of \$7,000.

5. UNSE and Mohave have entered into an Electric Service Authorization Agreement ("Agreement") which obligates UNSE to provide service subject to the following: 1) The Commission issue an order approving the Agreement; 2) Customer executes a line extension agreement and complies with its terms; and 3) Customer pays all applicable deposits, fees, rates and charges associated with the line extension agreement for the requested class of service approved by the Commission for UNSE's retail customers.

6. In the event that Mohave determines it is economically feasible for Mohave to provide electric service to the Property, Mohave will: 1) provide UNSE and the Customer written notice no less than 90 calendar days prior to Mohave providing service to the Property; and 2) coordinate with UNSE for the exchange of service, including transferring any facilities paid for by the Customer and dedicated to providing service exclusively to the Property, at no cost to Mohave. In addition, the transfer of facilities will not include transformers or other facilities located on UNSE's lines which will be retained by UNSE.

7. In the event that no customer has taken service within the Property for six or more consecutive months, UNSE may cease offering service to the Property upon providing the Customer/landowner and Mohave no less than 90 days written notice. Thereafter, UNSE shall have no further obligation to offer service to the Property, unless otherwise ordered by the Commission. Mohave has no outstanding line extension agreement with the Property or Customer, and there are no easements or rights-of-ways to be transferred to UNSE. The Customer will be charged the applicable Commission-approved rates by UNSE.

...

Recommendations

8. Staff believes that the borderline agreement between Mohave and UNSE is a reasonable solution to allow extension of electric service to the Property and is in the public interest. Therefore, Staff recommends approval of the borderline agreement between Mohave and UNSE. In addition, Staff recommends that the Commission specify in its Order that approval of the borderline agreement at this time does not guarantee any future ratemaking treatment of the borderline agreement between Mohave and UNSE.

CONCLUSIONS OF LAW

1. Mohave Electric Cooperative, Inc. and UNS Electric, Inc. are Arizona public service corporations within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Arizona Corporation Commission has jurisdiction over Mohave Electric Cooperative, Inc., UNS Electric, Inc., and the subject matter of this joint application.

3. The Arizona Corporation Commission, having reviewed the joint application and Staff memorandum dated December 31, 2019, concludes that it is in the public interest to approve the borderline agreement between Mohave Electric Cooperative, Inc. and UNS Electric, Inc.

ORDER

IT IS THEREFORE ORDERED that the borderline agreement between Mohave Electric Cooperative, Inc. and UNS Electric, Inc. for service to the property described above is hereby approved as discussed herein.

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1 IT IS FURTHER ORDERED that approval of the borderline agreement at this time does not
2 guarantee any future ratemaking treatment of the borderline agreement between Mohave Electric
3 Cooperative, Inc. and UNS Electric, Inc.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.
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6

7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**
8

9 _____
CHAIRMAN BURNS COMMISSIONER DUNN COMMISSIONER KENNEDY
10

11 _____
12 COMMISSIONER OLSON COMMISSIONER MÁRQUEZ PETERSON
13

14 IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto, set my hand and caused the official seal of this
17 Commission to be affixed at the Capitol, in the City of
18 Phoenix, this _____ day of _____, 2020.

19 _____
20 MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

21 DISSENT: _____
22

23 DISSENT: _____
24

EOA:CLA:elr/PRP
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1 Mohave Electric Cooperative, Inc. and UNS Electric, Inc.
2 Docket Nos. E-01750A-19-0296 and E-04204A-19-0296

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20 **Consented to Service by Email**
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